

HOUSE BILL No. 1637

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: County option income taxes. Authorizes a county to adopt an additional county adjusted gross income tax rate or county option income tax rate of not more than 0.25% to fund the operation and maintenance of a jail, a juvenile detention center, and other facilities to provide juvenile services. Authorizes counties that have adopted additional income tax rates to construct jails and juvenile facilities to amend the ordinances to permit the use of the additional income tax rate for operating expenses.

Effective: Upon passage.

Pierce

January 23, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1637

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006,
2 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2. (a) The county council of any county in
4 which the county option income tax will not be in effect on July 1 of a
5 year under an ordinance adopted during a previous calendar year may
6 impose the county adjusted gross income tax on the adjusted gross
7 income of county taxpayers of its county effective July 1 of that year.
8 (b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, ~~or~~
9 3.6, ~~or~~ 3.7 of this chapter, the county adjusted gross income tax may be
10 imposed at a rate of one-half of one percent (0.5%), three-fourths of
11 one percent (0.75%), or one percent (1%) on the adjusted gross income
12 of resident county taxpayers of the county. Any county imposing the
13 county adjusted gross income tax must impose the tax on the
14 nonresident county taxpayers at a rate of one-fourth of one percent
15 (0.25%) on their adjusted gross income. If the county council elects to
16 decrease the county adjusted gross income tax, the county council may
17 decrease the county adjusted gross income tax rate in increments of

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one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 2. IC 6-3.5-1.1-3.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.7. (a) A county fiscal body may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of:**

(1) a jail;

(2) a juvenile detention center or other juvenile services facility; or

(3) both subdivisions (1) and (2).

(b) As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department of state revenue.

(c) In order to impose the county adjusted gross income tax as

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provided in this section, the county fiscal body must adopt an ordinance:

(1) finding and determining that revenues from the county adjusted gross income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, and other facilities necessary to provide juvenile services; and

(2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the jail, juvenile detention center, and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county adjusted gross income tax revenue is collected in the county under this section.

(d) Notwithstanding section 2 of this chapter, if the county council adopts an ordinance under subsection (a), the county council may impose the county adjusted gross income tax at a rate not more than one and twenty-five hundredths percent (1.25%) on adjusted gross income. The county fiscal body may increase the rate, decrease the rate, or rescind the additional tax rate in the manner provided under this chapter.

(e) An ordinance adopted under this section before April 1 in a year applies to the imposition of county adjusted gross income taxes after June 30 in that year. An ordinance adopted under this section after March 31 of a year initially applies to the imposition of county adjusted gross income taxes after June 30 of the immediately following year.

(f) If a county imposes an additional county adjusted gross income tax under this section, the revenue derived from the additional tax rate on adjusted gross income:

- (1) shall be paid to the county treasurer;
- (2) may be used only to pay the costs of operating a facility described in subsection (a); and
- (3) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(g) Notwithstanding any other law, a county fiscal body that has adopted an ordinance under this chapter to impose an additional county adjusted gross income tax rate to fund the construction of a jail, juvenile detention center, or other juvenile services facility, may amend the ordinance to permit the tax revenues from the additional tax rate to be used to pay the costs of operating the

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1 **facility.**

2 SECTION 3. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005,
3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of
5 the county adjusted gross income tax shall, in the manner prescribed by
6 this section, be distributed to the county that imposed it. The amount
7 to be distributed to a county during an ensuing calendar year equals the
8 amount of county adjusted gross income tax revenue that the
9 department, after reviewing the recommendation of the budget agency,
10 determines has been:

11 (1) received from that county for a taxable year ending before the
12 calendar year in which the determination is made; and

13 (2) reported on an annual return or amended return processed by
14 the department in the state fiscal year ending before July 1 of the
15 calendar year in which the determination is made;

16 as adjusted (as determined after review of the recommendation of the
17 budget agency) for refunds of county adjusted gross income tax made
18 in the state fiscal year.

19 (b) Before August 2 of each calendar year, the department, after
20 reviewing the recommendation of the budget agency, shall certify to the
21 county auditor of each adopting county the amount determined under
22 subsection (a) plus the amount of interest in the county's account that
23 has accrued and has not been included in a certification made in a
24 preceding year. The amount certified is the county's "certified
25 distribution" for the immediately succeeding calendar year. The amount
26 certified shall be adjusted under subsections (c), (d), (e), (f), and (g).
27 The department shall provide with the certification an informative
28 summary of the calculations used to determine the certified
29 distribution.

30 (c) The department shall certify an amount less than the amount
31 determined under subsection (b) if the department, after reviewing the
32 recommendation of the budget agency, determines that the reduced
33 distribution is necessary to offset overpayments made in a calendar
34 year before the calendar year of the distribution. The department, after
35 reviewing the recommendation of the budget agency, may reduce the
36 amount of the certified distribution over several calendar years so that
37 any overpayments are offset over several years rather than in one (1)
38 lump sum.

39 (d) The department, after reviewing the recommendation of the
40 budget agency, shall adjust the certified distribution of a county to
41 correct for any clerical or mathematical errors made in any previous
42 certification under this section. The department, after reviewing the

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1 recommendation of the budget agency, may reduce the amount of the
 2 certified distribution over several calendar years so that any adjustment
 3 under this subsection is offset over several years rather than in one (1)
 4 lump sum.

5 (e) The department, after reviewing the recommendation of the
 6 budget agency, shall adjust the certified distribution of a county to
 7 provide the county with the distribution required under section 10(b)
 8 of this chapter.

9 (f) This subsection applies to a county that:

10 (1) initially imposes the county adjusted gross income tax; or

11 (2) increases the county adjusted income tax rate;

12 under this chapter in the same calendar year in which the department
 13 makes a certification under this section. The department, after
 14 reviewing the recommendation of the budget agency, shall adjust the
 15 certified distribution of a county to provide for a distribution in the
 16 immediately following calendar year and in each calendar year
 17 thereafter. The department shall provide for a full transition to
 18 certification of distributions as provided in subsection (a)(1) through
 19 (a)(2) in the manner provided in subsection (c).

20 (g) The department, after reviewing the recommendation of the
 21 budget agency, shall adjust the certified distribution of a county to
 22 provide the county with the distribution required under section 3.3 of
 23 this chapter beginning not later than the tenth month after the month in
 24 which additional revenue from the tax authorized under section 3.3 of
 25 this chapter is initially collected.

26 **(h) The department, after reviewing the recommendation of the**
 27 **budget agency, shall adjust the certified distribution of a county to**
 28 **provide the county with the distribution required under section 3.7**
 29 **of this chapter beginning not later than the tenth month after the**
 30 **month in which additional revenue from the tax authorized under**
 31 **section 3.7 of this chapter is initially collected.**

32 SECTION 4. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006,
 33 SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND
 34 AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND
 35 AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
 36 PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half
 37 (1/2) of each adopting county's certified distribution for a calendar year
 38 shall be distributed from its account established under section 8 of this
 39 chapter to the appropriate county treasurer on May 1 and the other
 40 one-half (1/2) on November 1 of that calendar year.

41 (b) This subsection applies to a county having a population of more
 42 than one hundred forty-five thousand (145,000) but less than one

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hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the *calendar* year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or ~~IC 6-1.1-19-1.7~~ IC 20-44-3. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

(1) *revenue that must be used to pay the costs of:*

(A) *financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;*

(B) *debt service on bonds; or*

(C) *lease rentals;*

under section 2.3 of this chapter;

~~(1)~~ (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

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~~(3)~~ (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue that must be used to pay the costs of operating a jail and juvenile facilities under section 3.7 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 5. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.3 of this chapter;

~~(1)~~ (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, operating, or maintaining facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ (4) revenue that must be used to pay the costs of construction,

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improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(7) revenue that must be used to pay the costs of operating a jail and juvenile facilities under section 3.7 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

PROPERTY		
COUNTY	TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 6. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006, SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

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- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i);
- (6) make distributions of distributive shares to the civil taxing units of a county; and
- (7) make the distributions permitted under ~~section~~ *sections 27, 28, and 29, and 30* of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

- (1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and
- (2) the amount of an additional tax rate imposed under section 27, 28, ~~or~~ 29, **or 30** of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for

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the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 7. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 30. (a) In addition to the rates permitted by sections 8 and 9 of this chapter, a county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body**

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1 makes the finding and determination set forth in subsection (b).
 2 Section 8(e) of this chapter applies to the application of the
 3 additional rate to nonresident taxpayers.

4 (b) In order to impose the county option income tax as provided
 5 in this section, the county fiscal body must adopt an ordinance:

6 (1) finding and determining that revenues from the county
 7 option income tax are needed in the county to fund the
 8 operation and maintenance of:

9 (A) a jail;

10 (B) a juvenile detention center and other facilities
 11 necessary to provide juvenile services; or

12 (C) both subdivisions (1) and (2);

13 (2) agreeing to freeze for the term in which an ordinance is in
 14 effect under this section the part of any property tax levy
 15 imposed in the county for the operation of the facilities
 16 covered by the ordinance at the rate imposed in the year
 17 preceding the year in which a full year of additional county
 18 option income tax is certified for distribution to the county
 19 under this section.

20 (c) If the county fiscal body makes a determination under
 21 subsection (b), the county fiscal body may adopt a tax rate under
 22 subsection (a). Subject to the limitations in subsection (a), the
 23 county fiscal body may amend an ordinance adopted under this
 24 section to increase, decrease, or rescind the additional tax rate
 25 imposed under this section. As soon as practicable after the
 26 adoption of an ordinance under this section, the county fiscal body
 27 shall send a certified copy of the ordinance to the county auditor,
 28 the department of local government finance, and the department
 29 of state revenue. An ordinance adopted under this section before
 30 April 1 in a year applies to the imposition of county income taxes
 31 after June 30 in that year. An ordinance adopted under this section
 32 after March 31 of a year initially applies to the imposition of
 33 county option income taxes after June 30 of the immediately
 34 following year.

35 (d) The county treasurer shall establish a county facilities
 36 operation fund to be used only for the purposes described in this
 37 section. County option income tax revenues derived from the tax
 38 rate imposed under this section shall be deposited in the county
 39 facilities operation fund before a certified distribution is made
 40 under section 18 of this chapter.

41 (e) County option income tax revenues derived from the tax rate
 42 imposed under this section:

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(1) may be used only for purposes described in this section;
and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(f) The department of local government finance shall enforce an agreement made under subsection (b)(2).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

(h) Notwithstanding any other law, a county fiscal body that has adopted an ordinance under this chapter to impose an additional county option income tax rate to fund the construction of a jail, juvenile detention center, or other juvenile services facility, may amend the ordinance to permit the tax revenues from the additional tax rate to be used to pay the costs of operating the facility.

SECTION 8. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006, SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r), the

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county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), ~~or~~ (s), ~~or~~ (v), **or** (x), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), ~~or~~ (u), **or** (w), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of:
 - (A) fifteen-hundredths percent (0.15%);
 - (B) two-tenths percent (0.2%); or
 - (C) twenty-five hundredths percent (0.25%); and

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(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent

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(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than

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twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) *or residential property (as defined in section 26 of this chapter), as appropriate under the ordinance adopted by the adopting body in the county*, resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
 - (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);
- if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Scott County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths

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percent (1.25%).

(v) *This subsection applies to Jasper County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).*

(w) Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-30, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(x) Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-1.1-3.7, the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

SECTION 9. [EFFECTIVE UPON PASSAGE] Notwithstanding the provisions in IC 6-3.5-1.1, as amended by this act, specifying that an ordinance establishing or increasing the rate of a county adjusted gross income tax in 2007 must be adopted before April 1, 2007, an ordinance adopted in 2007 to establish an additional rate under IC 6-3.5-1.1-3.7, as added by this act, may be adopted before June 1, 2007. An ordinance authorized under this SECTION must be adopted in the same manner as an ordinance under IC 6-3.5-1.1, as amended by this act. An ordinance adopted under this SECTION is effective on the later of the following:

(1) July 1, 2007.

(2) Fifteen (15) regular business days after the department of state revenue receives a certified copy of the ordinance from the county auditor.

SECTION 10. [EFFECTIVE UPON PASSAGE] Notwithstanding the provisions in IC 6-3.5-6, as amended by this act, specifying that an ordinance establishing or increasing the rate of a county option income tax in 2007 must be adopted before April 1, 2007, an ordinance adopted in 2007 to establish an additional rate under IC 6-3.5-6-30, as added by this act, may be adopted before June 1, 2007. An ordinance authorized under this SECTION must be adopted in the same manner as an ordinance under IC 6-3.5-6, as amended by this act. An ordinance adopted under this SECTION is effective on the later of the following:

(1) July 1, 2007.

(2) Fifteen (15) regular business days after the department of state revenue receives a certified copy of the ordinance from

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1 **the county auditor.**
2 **SECTION 11. An emergency is declared for this act.**

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